Supreme Court, U.S.
FILED
99 469 SEP 13 1999
OFFICE OF THE CLERK

No. _____

IN THE
SUPREME COURT OF THE UNITED STATES

KARAVAN TRAILERS, INC.

Petitioner,

v.

MIDWEST INDUSTRIES, INC.

Respondent.

On Petition for Writ of Certiorari
To The United States Court of Appeals
for the Federal Circuit

PETITION FOR WRIT OF CERTIORARI

JON R. PEARCE
(Counsel of Record)
G. BRIAN PINGEL
Pingel & Templer, P.C.
3737 Woodland Ave., Ste. 437
West Des Moines, IA 50266
(515) 225-3737
Attorneys for Petitioner
Karavan Trailers, Inc.

DONALD CAYEN
Karavan Trailers, Inc.
104 South Main Street
Suite 501
Fond du Lac, WI 54935
(920) 921-2288

September, 1999

5688

QUESTIONS PRESENTED FOR REVIEW

This petition raises two important questions of federal law:

I. Does patent law preempt trade dress remedies under the Lanham Act and state law trademark and unfair competition remedies for a patent holder where the product configuration at issue is claimed in a utility patent.

II. Is the Federal Circuit Court of Appeals required to apply regional law to conflicts between the patent law and other legal rights.

PETITION FOR WRIT OF CERTIORARI

Karavan Trailers,Inc. respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

PARTIES TO PROCEEDING

The only parties to this proceeding are the petitioner, Karavan Trailers, Inc., and the respondent, Midwest Industries, Inc.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6 of this Court, petitioner states that it has no parent corporation and no nonwholly owned subsidiaries.

TABLE OF CONTENTS

Page

QUESTIONS PRESENTED FOR REVIEW i

PETITION FOR WRIT OF CERTIORARI ii

PARTIES TO PROCEEDING ii

CORPORATE DISCLOSURE STATEMENT ii

TABLE OF CONTENTS iii

TABLE OF AUTHORITIES v

OPINIONS BELOW 1

JURISDICTION 1

CONSTITUTIONAL PROVISION INVOLVED 1

STATEMENT OF THE CASE 2

I. MATERIAL FACTS 2

II. JURISDICTION IN THE DISTRICT COURT 2

III. PROCEEDINGS BELOW 3

A. District Court 3

B. Court of Appeals for the Federal Circuit 3

ARGUMENT 5

I. DOES PATENT LAW PREEMPT TRADE DRESS REMEDIES UNDER THE LANHAM ACT AND STATE LAW TRADEMARK AND UNFAIR COMPETITION REMEDIES FOR A PATENT HOLDER WHERE THE PRODUCT CONFIGURATION AT ISSUE IS CLAIMED IN A UTILITY PATENT 5

II. IS THE FEDERAL CIRCUIT COURT OF APPEALS REQUIRED TO APPLY REGIONAL LAW TO CONFLICTS BETWEEN PATENT LAW AND OTHER LEGAL RIGHTS 10

CONCLUSION 16

APPENDIX 1a

OPINION OF THE FEDERAL CIRCUIT COURT OF APPEALS 1a

OPINION OF THE DISTRICT COURT 19a

ORDER OF THE FEDERAL CIRCUIT COURT OF APPEALS DENYING PETITION FOR REHEARING 31a

TABLE OF AUTHORITIES

Federal Cases

Application of Shenango Ceramics, Inc., 362 F.2d 287, 150 USPQ 115 (C.C.P.A. 1966) 5, 6

Bandag, Inc. v. Al Bolsters Tire Stores, 750 F.2d 903 (Fed. Cir. 1984) 15, 16

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 9 USPQ2d 1847 (1989) 6, 7, 8, 9

Coats v. Merrick Thread Co., 149 U.S. 562, 572, 13 S.Ct. 966, 969, 37 L.Ed. 847 (1893).....7

Compco Corp. v. Day-Brite Lighting, Inc., 376 U.S. 234, 140 USPQ 528 (C.C.P.A. 1964).....6, 8

Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118, 39 USPQ 296 (1938) 5, 7

Midwest Industries, Inc. v. Karavan Trailers, Inc., 175 F.3d at 1363 .....1, 6, 10, 13, 14, 15

Sears, Roebuck & Co. v. Stiffel Company, 376 U.S. 225, 229, 140 USPQ 524, 527 (1964) 5, 6, 8, 9

Singer Manufacturing Co. v. June Mfg. Co., 163 U.S. 169 (1896).....5, 7

Vornado Air Ciculation Systems, Inc. v. Duracraft Corp., 58 F.3d 1498, 35 USPQ2d 1332 (10th Cir. 1995).....3, 4, 9, 10, 11, 12, 13

Federal Statutes

28 U.S.C. § 1295(a)(1) 15

28 U.S.C. § 1338 3

35 U.S.C. § 112 12

Federal Courts Improvement Act of 1982, Pub.L. No. 97-164, 96 Stat. 25 15

Lanham Act, 15 U.S.C §1125(a) 10, 11, 12, 13, 14

OPINIONS BELOW

The opinion of the Court of Appeals (Pet. App. 1a-18a)[1] is reported at 175 F.3d 1356 and at 50 U.S.P.Q.2d 1672. The opinion of the District Court is not reported, but a copy is included in the attached appendix (Pet. App. 19a-30a).

JURISDICTION

The Court of Appeals rendered its judgment and opinion on May 5, 1999. On June 14, 1999, the court issued an order denying Karavan's timely petition for rehearing with suggestion for rehearing en banc (Pet. App. 31a-32a). This Court has jurisdiction under 28 U.S.C. §1254(1).

CONSTITUTIONAL PROVISION INVOLVED

Article I, section 8, clause 8 of the United States Constitution provides, in relevant part, that Congress shall have the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

---

[1] References to Pet. App. are to the attached Appendix.

STATEMENT OF THE CASE

I. MATERIAL FACTS

On May 21, 1996, U.S. Patent 5,518,261 (the '261 utility patent) was issued to Byron L. Godbersen. Respondent Midwest Industries is apparently the exclusive licensee of the '261 utility patent. The '261 utility patent discloses and claims a personal watercraft trailer including a curved winch post, as shown in Figure 1:

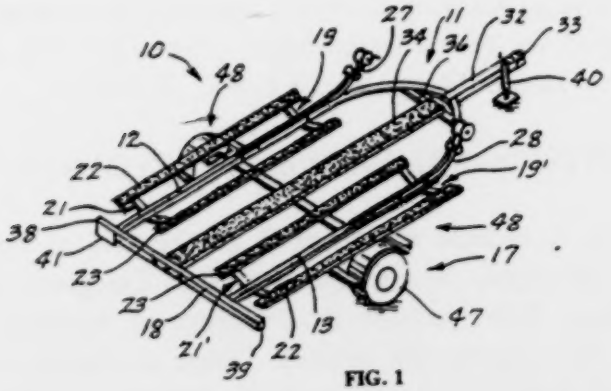

FIG. 1

A winch and bow stop are attached to the curved winch post. The winch is used to pull a watercraft (e.g., a jet ski) onto the trailer so that the bow of the watercraft rests against the bow stop on the curved winch post.

II. JURISDICTION IN THE DISTRICT COURT

Midwest filed a complaint against Karavan in the U.S. District Court for the Southern District of Iowa alleging

that Karavan was infringing design patents[2] issued prior to the '261 utility patent by manufacturing and selling a watercraft trailer with a curved winch post. Thereafter, with leave of court, Midwest filed a second amended complaint, adding a Lanham Act trade dress claim, and state law claims for trademark infringement and unfair competition. Jurisdiction of the District Court was based on 28 U.S.C. §1338.

III. PROCEEDINGS BELOW

A. District Court

Karavan moved to dismiss the Lanham Act trade dress claim and the state law trademark and unfair competition claims.. The District Court elected to treat Karavan's motion as a motion for partial summary judgment. Relying on *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), cert. denied, 116 S. Ct. 753, the District Court granted partial summary judgment in favor of Karavan on those claims on the ground that the curved winch post was a "significant inventive aspect" of the '261 utility patent and therefore such claims were preempted by federal patent law.

B. Court of Appeals for the Federal Circuit

Midwest appealed to the Court of Appeals for the Federal Circuit. The Federal Circuit reversed the District Court's grant of summary judgment. The Federal Circuit declined to follow *Vornado* and, instead, first determined, en banc, that it did not have to apply regional law to conflicts between the patent law and other legal rights and then proceeded to create its own law, which conflicts with

---

[2] Patent No. Des. 314,735 for a "Boat Trailer Fender" issued February 19, 1991, and Patent No. Des. 346,772 for a "Personal Watercraft Trailer" issued May 10, 1994. Utility Patent No. 5,518,261 for a "Personal Watercraft Trailer" was issued on May 21, 1996.

Vornado. The Federal Circuit held that patent law principles might preclude a patent holder from pursuing trademark and trade dress claims only if the particular structure claimed in the patent is functional.

ARGUMENT

I. DOES PATENT LAW PREEMPT TRADE DRESS REMEDIES UNDER THE LANHAM ACT AND STATE LAW TRADEMARK AND UNFAIR COMPETITION REMEDIES FOR A PATENT HOLDER WHERE THE PRODUCT CONFIGURATION AT ISSUE IS CLAIMED IN A UTILITY PATENT

A foundational precept of federal patent law is that the subject matter of a utility patent enters the public domain upon the expiration of the patent. As has been expressed by the Supreme Court, "[t]here passed to the public upon the expiration of the patent...the right to make the article as it was made during the patent period." *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118, 39 USPQ 296 (1938). The *Kellogg* court based its conclusion on *Singer Manufacturing Co. v. June Mfg. Co.*, 163 U.S. 169 (1896). In 1964, the Supreme Court, citing *Kellogg* and *Singer*, reaffirmed this foundational precept by stating "when the patent expires the monopoly created by it expires, too, and the right to make the article—including the right to make it in precisely the shape it carried when patented—passes to the public." *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225, 229, 140 USPQ 524, 527 (1964).

In *Application of Shenango Ceramics, Inc.*, 362 F.2d 287, 150 USPQ 115 (C.C.P.A. 1966), an applicant attempted to register a portion of an under-rim as a trademark for dishware. The rim included ribs that were claimed limitations of an expired utility patent. The Court affirmed a refusal to register:

> "In the absence of other valid patent claims, a feature that is the subject of a utility patent goes into the public domain when the patent expires. ...such a feature, being free to be

> used by any person, thus cannot be a trademark by which the goods of the applicant may be distinguished."

Shenango, 362 F.2d at 292, 150 USPQ at 119.

In making its determination in *Karavan*, the Federal Circuit brushed aside Supreme Court precedents holding that patent law preemption would apply, stating that "[t]hose cases, however, have not been read expansively" and that "[m]ore recently the Supreme Court itself has indicated that those cases do not have a broad preclusive effect on state and federal trade dress protections," citing the Supreme Court decision in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 9 USPQ2d 1847 (1989). (Midwest Industries, Inc. v. Karavan Trailers, Inc., 175 F.3d 1356, 1363, Pet. App. 13a) In doing so, the Federal Circuit misapprehended the reasoning in *Bonito Boats* and failed to distinguish between (1) subject matter that has been patented in a utility patent and (2) subject matter that is potentially patentable, but has not been patented. As a result of failing to make this critical distinction in such subject matter, the Federal Circuit erroneously concluded that "[t]he [*Bonito Boats*] Court refused to draw a 'broad pre-emptive principle' from *Sears* and *Compco* [*Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 140 USPQ 528 (C.C.P.A. 1964)]" for all subject matter, whether patented or not. (Pet. App. 14a).

Bonito Boats did not involve subject matter that was patented or had been the subject matter of an expired utility patent. Instead, it involved subject matter that was only potentially patentable. In discussing the latter type of subject matter, the *Bonito Boats* Court acknowledged that certain types of state protection were not inconsistent with the operation of the federal patent laws, i.e. unfair competition and trade secret laws which have coexisted harmoniously with federal patent protection for almost two hundred years. *Bonito Boats*, 489 U.S. at 154, 9 USPQ2d at 1853.

However, with respect to subject matter that is or has been patented the Court had a diametrically opposed view. In discussing subject matter that was actually patented, and not merely potentially patentable, the *Bonito Boats* decision fully reaffirmed the past decisions that "have made it clear that state regulation of intellectual property must yield to the extent that it clashes with the balance struck by Congress in our patent laws," 489 U.S. at 152, 9 USPQ2d at 1852, and recognized that:

> We have long held that after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law. See *Coats v. Merrick Thread Co.*, 149 U.S. 562, 572, 13 S.Ct. 966, 969, 37 L.Ed. 847 (1893) ("[P]laintiffs' right to the use of the embossed periphery expired with their patent, and the public had the same right to make use of it as if it had never been patented"); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 [parallel citations omitted] (1938); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 [parallel citations omitted] (1896). Where the public has paid the Congressionally mandated price for disclosure, the States may not render the exchange fruitless by offering patent-like protection to the subject matter of the expired patent. "It is self evident that on the expiration of a patent the monopoly created by it ceases to exist and the right to make the thing formally covered by the patent becomes public property." *Singer*, supra, at 185.

489 U.S. at 152, 9 USPQ2d at 1852.

The Court further explained that with respect to subject matter included in a patent:

> As noted above, the federal standards for patentability, at a minimum, express the Congressional determination that patent-like protection is unwarranted as to certain classes of intellectual property. The States are simply not free in this regard to offer equivalent protection to ideas which Congress has determined should belong to all. For almost one hundred years it has been well established that in the case of an expired patent, the federal patent laws do create a federal right to "copy and to use."

489 U.S. at 165, 9 USPQ2d at 1857-58.

The Court then acknowledged that although the decisions in *Sears* and *Compco* extended much the same rule for patented subject matter to "potentially patentable ideas which are fully exposed to the public," the extrapolation of such a broad pre-emptive principle from *Sears* was inappropriate. 489 U.S. at 154, 9 USPQ2d at 1853. The Court concluded that with respect to potentially patentable subject matter, the federal patent laws do not necessarily preclude the states from offering limited protection which does not impermissibly interfere with the federal patent scheme. 489 U.S. at 165, 9 USPQ2d at 1858. Accordingly, the Federal Circuit was correct in concluding that the Supreme Court itself has indicated that its prior precedents did not have a broad preclusive effect on state or federal protection with respect to potentially patentable subject matter. But, the Federal Circuit was incorrect in applying the same reasoning to subject matter that was or had been the subject matter of a utility patent. The following text from

Bonito Boats fully explains the distinction this Court was making in its decision:

> Thus, while *Sears* speaks in absolutist terms, its conclusion that the States may place some conditions on the use of trade dress indicates an implicit recognition that all State regulation of potentially patentable but unpatented subject matter is not ipso facto pre-empted by the federal patent laws. (emphasis added)

489 U.S. at 154, 9 USPQ2d at 1853.

This misapprehension by the Federal Circuit was due to its failure to recognize that the *Bonito Boats* decision was dealing only with potentially patentable subject matter and not patented subject matter, and to its further failure to recognize the constitutional mandate that patented subject matter be treated differently than merely potentially patentable subject matter.

The Tenth Circuit followed Supreme Court precedents in *Vornado Air Ciculation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 35 USPQ2d 1332 (10th Cir. 1995). *Vornado* explained in careful detail the rationale and policies of the interplay between patent law and trademark law. The Tenth Circuit agreed that:

> where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, ...so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional.

Vornado, 58 F.3d at 1510, 35 USPQ2d at 1342.

The Federal Circuit expressly rejected *Vornado*, concluding that the District Court's ruling that the curved winch post claimed in the '261 utility patent was a "significant inventive aspect" of the patent was "not a sufficient basis on which to deny Lanham Act protection to trade dress that would otherwise qualify for such protection." (Pet. App. 16a). The Federal Circuit then proceeded to discuss functionality at great length and remanded the case to determine whether plaintiff's winch post design is functional, and whether plaintiff has satisfied the other requirements for protection under the Lanham Act and Iowa state trademark law. (Pet. App. 18a).

The implications of the Federal Circuit's decision are breathtaking. If allowed to stand, the only criterion for determining the availability of trademark/trade dress protection for a product is whether or not the product is functional, as that term is used in the context of trademark/trade dress law. The prior interplay between patent law and trademark/trade dress law would be rendered null and void. According to the Federal Circuit, a party will now be able not only to enjoy a patent on subject matters that are an element of a utility patent claim, but also - after expiration of the patent - assert trademark/trade dress rights over such subject matter forever. As a result, the public will no longer be able to copy without restriction the subject matter of an expired utility patent claim.

II. IS THE FEDERAL CIRCUIT COURT OF APPEALS REQUIRED TO APPLY REGIONAL LAW TO CONFLICTS BETWEEN PATENT LAW AND OTHER LEGAL RIGHTS

In arriving at the *Karavan* decision, the Federal Circuit has overruled its established practice of applying

regional circuit law in resolving questions involving the relationship between patent law and other federal or state law rights. By this action the Federal Circuit has created a serious and irresolvable conflict between its rulings on such questions and those that may be made by the remaining twelve Circuit Courts of Appeal and specifically the ruling of the District Court in this case which applied the law of the Tenth Circuit Court of Appeals in the decision of *Vornado Air Systems v. Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995).

In the *Vornado* decision, the plaintiff Vornado had been selling household electric fans with a spiral grill for several years when it obtained a patent in 1990. The patent claims included the spiral grill. In 1994, a reissue patent was granted, expanding the claims, including those that involved the spiral grill.

In 1990, Duracraft began selling a lowered price household fan with a spiral grill copied from Vornado's more expensive fans. In other respects, the Duracraft fan was dissimilar to the Vornado fan.

Vornado sued Duracraft for trade dress infringement, based on section 43(a) of the Lanham Act, 15 U.S.C §1125(a). The trial court found that the spiral grill was "nonfunctional," and therefore it could be protected as trade dress under the Lanham Act, even though it was claimed in a utility patent. The trial court enjoined Duracraft from selling its spiral grill fan.

The 10th Circuit Court of Appeals reversed. The court first took note of the generally accepted definition of "functionality," with respect to configurations in a patent:

> If competitors need to be able to use a particular configuration in order to make an

> equally competitive product, it is functional, but if they do not, it may be nonfunctional.

58 F.3d at 1507.

However, the court then rejected the concept of basing a patent holder's right to Lanham Act relief on whether the particular configuration is functional or nonfunctional. Instead, the court held that Lanham Act relief is not available if the product configuration is part of a claim in a utility patent and it is a "significant inventive aspect" of the patent.

> We hold that where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, *see* 35 U.S.C. § 112, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional.
>
> In future cases, the contribution of a particular configuration to the inventiveness of a patented product may not always be clear, and we do not wish to rule out the possibility that a court may appropriately conduct a factual inquiry to supplement its reading of the patent's claims and descriptions.

58 F.3d at 1510.

The underlying rationale in *Vornado* was that the extension of trade dress protection to a configuration that is a significant inventive aspect of a patent would "interfere with the public's ability to practice patented inventions after the patents have expired." 58 F.3d at 1508.

In *Karavan*, the case out of which this petition arises, the District Court followed *Vornado* and held that patent law preempts a patentholder's trade dress claim based on the Lanham Act as well as state law trademark and unfair competition claims with respect to a competitor's use of a particular configuration if the configuration is claimed in a utility patent and it is a "significant inventive element" of the patented invention. The Federal Circuit reversed the trial court's grant of summary judgment against plaintiff Midwest on the Lanham Act trade dress claim and on the state law trademark and unfair competition claims holding that it is not required to apply regional circuit law in making its decision. The court then proceeded to stake out a position which, in its own words, directly conflicts with *Vornado*:

> The district court's ruling on Midwest's Lanham Act claim was not premised on a finding of functionality, but on the court's conclusion, based on the Tenth Circuit's *Vornado* decision, that the curved winch post claimed in the '261 patent was a "significant inventive aspect" of the patent. As we view the interaction between patent law and the Lanham Act, that is not a sufficient basis on which to deny Lanham Act protection to trade dress that would otherwise qualify for such protection.

175 F.3d at 1364 (Pet. App. 15a-16a).

The Federal Circuit remanded the case to the District Court with instructions to "conduct an inquiry into functionality in order to determine whether Midwest's curved winch post is entitled to protection as trade dress under section 43(a) of the Lanham Act.

The Federal Circuit went on to state that even if the curved winch post is found to be functional, Midwest might still be entitled to trade dress protection if the design of the curved winch post:

> . . . is sufficiently distinctive to serve as a designation of source and if the protection of that particular design does not result in a meaningful restriction on Karavan's ability to compete in the market, either before or after the expiration of the '261 patent, then Midwest's state law claims, as well as its Lanham Act claim, would not be barred by any overriding federal policy.

175 F. 3d at 1365 (Pet. App. 18a).

Thus, the Federal Circuit's decision means that the fact that Plaintiff's '261 utility patent discloses and claims a curved winch post does not necessarily preclude Plaintiff from also asserting trade dress rights in the curved winch post of its '261 utility patent. Such result that undermines one of the principal purposes for the creation of the Federal Circuit: to promote uniformity in the law with regard to subject matter within its exclusive appellate jurisdiction.

As the Federal Circuit itself has recognized, its decision in this case presents the risk that:

> [D]istrict courts and litigants will be forced to select from two competing lines of authority based on which circuit may have sufficient jurisdiction over an appeal that may ultimately be taken....

175 F.3d at 1359 (Pet. App. 5a).

Additionally as expressly pointed out by the court, such decision also presents the risk that litigants will in the future again become involved in forum-shopping by their selection of claims to find a circuit court that will apply the Federal Circuit law or its own regional law as the case best fits their needs. Accordingly, rather than promoting uniformity in the law, the court's decision now encourages conflicts between the Circuit Courts of Appeal and the Federal Circuit.

The *Karavan* decision also represents a dramatic departure from traditional choice of law rules. The Federal Circuit announced that henceforth it would create its own law on substantive, non-patent issues, rather than look to the law of the geographical circuit. In other words, if a case is or may be appealable to the Federal Circuit, a District Court must ignore the precedent in its own circuit on substantive, non-patent issues, and instead apply the substantive law, if any, of the Federal Circuit. This is certainly at odds with traditional notions of choice of law. The Federal Circuit's decision in *Bandag, Inc. v. Al Bolsters Tire Stores*, 750 F.2d 903 (Fed. Cir. 1984) applied the correct choice of law rule in this setting.

> As to nonpatent matters, over which 28 U.S.C. § 1295(a)(1) does not afford this court exclusive subject matter jurisdiction, a significant choice of law question inherently arises. No mandate to unify intercircuit conflicts regarding these matters was given to this court by Congress in its passage of our enabling legislation, the Federal Courts Improvement Act of 1982, Pub.L. No. 97-164, 96 Stat. 25.
>
> Accordingly, we deem it appropriate here to decide nonpatent matters in the light of the problems faced by the district court from which each count originated, including the law

> there applicable. In this manner, we desire to avoid exacerbating the problem of intercircuit conflicts in nonpatent areas. A district court judge should not be expected to look over his shoulder to the law in this circuit, save as to those claims over which our subject matter jurisdiction is exclusive.

750 F.2d at 909.

CONCLUSION

This conflict of Circuit Court holdings should be resolved by this Court because:

- Carried to its logical conclusion, the Federal Circuit rule has the potential for extending a patent holder's right of exclusivity indefinitely.

- The decision of the Federal Circuit invites further conflicts as other circuits decide which approach to adopt;

- Unless this conflict is resolved, manufacturers will be unable to discern when and where (in the jurisdictional sense) it is safe to practice an expired or invalid patent or copy a patentable (but not patented) design;

- A national issue (the patent system) is at stake.

Respectfully submitted,

JON R. PEARCE
(Counsel of Record)
G. BRIAN PINGEL
Pingel & Templer, P.C.
3737 Woodland Ave, Ste 437
West Des Moines, IA 50266
(515) 225-3737

DONALD CAYEN
Karavan Trailers, Inc..
104 South Main Street
Suite 501
Fond du Lac, WI 54935
(920) 921-2288

Attorneys for Petitioner
Karavan Trailers, Inc.

APPENDIX

United States Court of Appeals for the Federal Circuit

98-1435

MIDWEST INDUSTRIES, INC.,

Plaintiff-Appellant,

v.

KARAVAN TRAILERS, INC.,

Defendant-Appellee.

DECIDED: May 5, 1999

Before SCHALL, Circuit Judge, SMITH, Senior Circuit Judge, and BRYSON, Circuit Judge.

MAYER, Chief Judge, RICH, Circuit Judge, SMITH, Senior Circuit Judge, NEWMAN, MICHEL, PLAGER, LOURIE, CLEVENGER, RADER, SCHALL, BRYSON, and GAJARSA, Circuit Judges, have joined Part II-A of this opinion.

BRYSON, Circuit Judge.

Midwest Industries, Inc., appeals from the district court's order granting summary judgment to Karavan Trailers, Inc., on Midwest's state and federal trademark claims. The district court dismissed Midwest's claims, holding that they are barred by federal patent law. We hold that we will apply Federal Circuit law in determining

whether patent law conflicts with other federal statutes or preempts state law causes of action. In so holding, the court overrules, en banc, those decisions in which we have held that regional circuit law governs in resolving such issues. On the merits, we hold that the record does not support the district court's order of summary judgment foreclosing Midwest from asserting its nonpatent claims. We therefore reverse the partial summary judgment in Karavan's favor and remand the case for further proceedings.

I

Midwest and Karavan manufacture and sell trailers for hauling watercraft behind automobiles. As is typically true of watercraft trailers, a winch mounted on a winch post at the front of each trailer serves to draw the watercraft onto the trailer and secure it in the correct position for traveling.

Midwest brought suit against Karavan in the United States District Court for the Southern District of Iowa, contending that Karavan's use of curved winch posts in certain of its watercraft trailers infringed two Midwest design patents and violated Midwest's rights under federal and state trademark law. In the nonpatent counts, Midwest alleged that Karavan committed trade dress infringement by copying its curved winch post design, in violation of section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and the Iowa trademark statute, Iowa Code §548. Midwest also alleged that Karavan's conduct violated Midwest's rights under the Iowa common law of trademarks.

Midwest is the exclusive licensee of U.S. Patent No. 5, 518,261 (the '261 patent), which discloses a curved winch post as part of a trailer. In claim 10, one of the dependent claims, the '261 patent recites, as a limitation, a winch post that "curve[s] forwardly and upwardly." Midwest has not alleged that any of Karavan's trailers infringe the '261 patent.

In the district court, Karavan files a motion under Fed. R. Civ. P. 12(b)(6) to dismiss Midwest's nonpatent claims. Karavan argued that the nonpatent claims failed to state a claim on which relief could be granted because the '261 patent discloses and claims a curved winch post, and that it would improperly extend Midwest's patent rights to provide additional state and federal protection for the curved winch post design. The district court granted the motion, citing as its principle authority the Tenth Circuit's decision in *Vornado Air Circulation Systems, Inc. v. Duracraft Corp.*, 58 F.3d 1498, 35 USPQ2d 1332 (10th Cir. 1995).

In the *Vornado* case, the Tenth Circuit refused to accord trade dress protection under section 43(a) of the Lanham Act to a fan having a grill with spiral vanes. The court based its ruling on the fact that the plaintiff held a utility patent that claimed a fan with multiple features, including a spiral grill. To offer trade dress protection to a product configuration that embodies "significant features of patented products," the court said, would interfere with "the public's ability to practice patented inventions after the patents have expired." *Id.* at 1508, 35 USPQ2d at 1340. Accordingly, the court held that a product configuration may not be accorded protection under the Lanham Act when the configuration is a "described, significant inventive component" of an issued utility patent. *Id.* at 1510, 35 USPQ2d at 1342.

The district court did not address the question whether the curved winch post is "functional," as that term is used in trademark law. Instead, the court concluded that because the curved winch post is disclosed in the '261 patent and claimed in one of the dependent claims of that patent, it is "a significant inventive aspect" of the patent. For that reason, the district court concluded that Midwest was not entitled to Lanham Act protection for its trade dress. The court then concluded that Midwest's state law claims

conflicted with patent policy for the same reasons. The court therefore held that those claims were preempted by federal patent law and had to be dismissed.

On Midwest's motion for reconsideration, the court vacated its order of dismissal. The court held that because Karavan's dismissal motion relied on material outside the pleadings, dismissal was inappropriate. The court, however, exercised its authority to convert Karavan's motion into a motion for summary judgment and granted summary judgment on the same grounds on which it had based its dismissal order. The court then entered final judgment on the nonpatent counts pursuant to Fed. R. Civ. P. 54(b) and Midwest took this appeal.

II

A

In *Cable Electric Products, Inc. v. Genmark, Inc.*, 770 F.2d 1015, 1029, 1033, 226 USPQ 881, 890, 892-93 (Fed. Cir. 1985), we held that when called upon to determine whether patent law preempts particular state law causes of action or conflicts with rights created by other federal laws, we would apply the law of the circuit from which the case comes to us. We reiterated that holding in subsequent cases involving claims that patent law preempted particular state law claims. *See Interpart Corp. v. Italia*, 777 F.2d 678, 684 228 USPQ 124, 128 (Fed. Cir. 1985); *Hunter Douglas, Inc. v Harmonic Design, Inc.*, 153 F.3d 1318, 1333, 47 USPQ2d 1769, 1780 (Fed. Cir. 1998), *cert. denied*, 199 S.Ct. 103 (1999). Our consideration of this case, however, has led us to conclude that we should abandon our practice of applying regional circuit law in resolving questions involving the relationship between patent law and other federal and state law rights. Henceforth, we will apply our own law to such questions. To the extent that *Cable Electric Products, Inc. v. Genmark, Inc.*, *Interpart Corp. v. Italia*, and *Hunter*

Douglas, Inc. v. Harmonic Design, Inc. hold that we are required to apply regional circuit law to conflicts between patent law and other legal rights, we therefore overrule those decisions.*

In reviewing district court judgments in patent cases, we apply our own law with respect to patent law issues, but with respect to nonpatent issues we generally apply the law of the circuit in which the district court sits. *See Atari, Inc. v. JS & A Group, Inc.*, 747 F.2d 1422, 1440, 223 USPQ 1074, 1087 (Fed. Cir. 1984) (in banc). We apply Federal Circuit law to patent issues in order to serve one of the principal purposes for the creation of this court: to promote uniformity in the law with regard to subject matter within our exclusive appellate jurisdiction. *See* S. Rep. No. 97-275, at 5 (1981), *reprinted in* 1982 U.S.C.C.A.N. 11, 15. When we apply regional circuit law to nonpatent issues, we do so in order to avoid the risk that district courts and litigants will be forced to select from two competing lines of authority based on which circuit may have jurisdiction over an appeal that may ultimately be taken, and to minimize the incentive for forum-shopping by parties who are in a position to determine, by their selection of claims, the court to which an appeal will go. *See Atari*, 747 F.2d at 1439, 224 USPQ at 1087.

Distinguishing between "patent issues" and "nonpatent issues" has clarified the choice of law question for most purposes, but in some instances it has not been obvious whether a particular issue should be characterized as a "patent" issue or not. We have held that a procedural issue that is not itself a substantive patent law issue is nonetheless

---

* Because a panel of this court lacks the authority to overrule one of the court's precedents, we are acting en banc with respect to the resolution of the choice of law issue. Accordingly, Chief Judge Mayer, Circuit Judge Rich, Senior Circuit Judge Smith, and Circuit Judges Newman, Michel, Plager, Lourie, Clevenger, Rader, Schall, Bryson, and Gajarsa join in Part II-A of this opinion, which resolves the choice of law issue.

governed by Federal Circuit law if the issue "pertain[s] to patent law," *Panduit Corp. v. All States Plastic Mfg. Co.*, 744 F.2d 1564, 1574-75, 223 USPQ 465, 471 (Fed. Cir. 1984), if it "bears an essential relationship to matters committed to our exclusive control by statute," *Biodex Corp. v. Loredan Biomedical, Inc.*, 946 F.2d 850, 858-59, 20 USPQ2d 1252, 1259 (Fed. Cir. 1991), or if it "clearly implicates the jurisprudential responsibilities of this court in a field within its exclusive jurisdiction," *Gardco Mfg., Inc. v. Herst Lighting Co.*, 820 F.2d 1209, 1212, 2 USPQ2d 2015, 2018 (Fed. Cir. 1987).

Applying those standards, we have held that Federal Circuit law applies to questions such as whether the district court has personal jurisdiction over the defendant in a patent suit, *see Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1564, 30 USPQ2d 1001, 1006 (Fed. Cir. 1994); whether the plaintiff has established its right to a preliminary injunction in a patent case, *see Hybritech Inc. v. Abbott Lab.*, 849 F.2d 1446, 1451 n.12, 7 USPQ2d 1191, 1195 n.12 (Fed. Cir. 1988); whether there is a sufficient controversy between the parties to permit an accused infringer to bring an action seeking a declaratory judgment of patent noninfringement or invalidity, *see Goodyear Tire & Rubber Co. v. Releasomers, Inc.*, 824 F.2d 953, 954-55 n.3, 3 USPQ2d 1310, 1311 n.3 (Fed. Cir. 1987); whether a patentee is entitled to have the issue of inequitable conduct tried in the jury trial that the patentee has demanded on the issue of infringement, *see Gardco Mfg., Inc.*, 820 F. 2d at 1212, 2 USPQ2d at 2019; and whether particular materials are relevant for purposes of discovery in a patent case under Fed. R. Civ. P. 26, *see Truswal Sys. Corp. v. Hydro-Air Eng'g, Inc.*, 813 F.2d 1207, 1212, 2 UPSQ2d[sic] 1034, 1038 (Fed. Cir. 1987). We have thus applied our law beyond the limits of substantive patent law and into areas in which the disposition of nonpatent-law issues is affected by the special circumstances of the patent law setting in which those issues arise.

Two cases that illustrate this court's recent approach to such "mixed" questions of patent and nonpatent law are *Pro-Mold & Tool Co. v. Great Lakes Plastics, Inc.*, 75 F.3d 1568, 37 USPQ2d 1626 (Fed. Cir. 1996), and *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 46 USPQ2d 1097 (Fed. Cir.), *cert. denied*, 119 S.Ct. 178 (1998). In the *Pro-Mold* case, the defendant argued that the plaintiff engaged in unfair competition by filing a complaint for patent infringement while knowing that its patent was unenforceable. Although we do not have exclusive jurisdiction over unfair competition claims, we nonetheless held that Federal Circuit law applies to the question whether inequitable conduct in the prosecution of a patent constitutes unfair competition. *See* 75 F.3d at 1574, 37 USPQ2d at 1631. By applying our law to the question whether patent law creates the exclusive remedy for a claim of inequitable conduct in procuring a patent, we held that our law applies to a cause of action over which we do not have exclusive jurisdiction if the question before us is whether that cause of action, as applied in a particular case, is foreclosed by patent law. Articulated in that fashion, the rationale of the *Pro-Mold* case would support applying Federal Circuit law to the analogous question whether patent law forecloses Midwest's claims under federal and state trademark law.

Similarly, in the *Nobelpharma* case, this court held, en banc, that the question whether particular conduct by a patentee exposes the patentee to suit under the antitrust laws would be decided under this court's precedents, because the court regarded the question as one that "clearly involves our exclusive jurisdiction over patent cases." *Nobelpharma*, 141 F.3d at 1067-68, 46 USPQ2d at 1103-04. The court so ruled even though the issue required the court to decide the scope of antitrust liability, a matter not within our exclusive jurisdiction. Again, the parallel with this case is a close one. In both *Nobelpharma* and this case, this court was required to address a nonpatent claim and to decide whether that

claim was barred by principles of patent law. In *Nobelpharma*, the court concluded that our responsibilities for developing consistent rules in the field of patent law required that we apply our law to the question whether patent law forecloses another cause of action and, if so, under what circumstances. The same principle would appear to require us to apply our own law in this case, which calls upon us to decide whether any principle of patent law bars Midwest from pursuing its federal or state trademark claims.

From an analysis of these recent precedents, we conclude that the rigid division between substantive patent law issues and all other substantive and procedural issues, which was the basis for the court's choice-of-law ruling in the *Cable Electric* case, no longer represents this court's approach to choice-of-law questions in patent cases. Rather, cases such as *Pro-Mold* and *Nobelpharma* make clear that our responsibility as the tribunal having sole appellate responsibility for the development of patent law requires that we do more than simply apply our law to questions of substantive patent law. In order to fulfill our obligation of promoting uniformity in the field of patent law, it is equally important to apply our construction of patent law to the questions whether and to what extent patent law preempts or conflicts with other causes of action. Otherwise, we will be forced into the awkward posture of holding that, with respect to cases coming to us from district courts in some circuits, patent law forecloses certain other causes of action, but with respect to cases coming to us from district courts in other circuits, it does not. We hold that our responsibility to decide what patent law permits and prohibits requires that we apply our own law to such cases. We will therefore apply our own law to the question in this case—whether principles of patent law foreclose Midwest's claims under section 43(a) of the Lanham Act and under Iowa state trademark law.

We recognize, of course, that questions involving conflicts between patent law and other causes of action can

and do arise in cases over which this court does not have appellate jurisdiction—cases in which claims under the Lanham Act or state law claims are not joined with a claim under the Patent Act. As a result, there is a risk that district courts and litigators could find themselves confronting two differing lines of authority when faced with conflicts between patent law and state or federal trademark claims. Nonetheless, as in the *Pro-Mold* and *Nobelpharma* cases where the same risk was present, we think that as the sole appellate exponent of patent law principles this court should play a leading role in fashioning the rules specifying what patent law does and does not foreclose by way of other legal remedies. If we simply follow regional circuit law in deciding questions involving the interaction between patent law principles and other legal remedies, other courts will not have the benefit of our analysis of the substance and scope of patent law in such cases. Such abdication, we think, would in the end disserve the interest in attaining coherence and consistency in the law relating to patents.

B

Having concluded that we should apply our own law to the conflict and preemption questions presented in this case, we now address, as a panel, the question whether the district court's summary judgment on the nonpatent counts of Midwest's complaint is inconsistent with the applicable principles of law as we see them.

As a matter of Federal Circuit law we hold that the district court erred in ruling, on summary judgment, that patent law principles foreclose Midwest's Lanham Act and state law claims.

1

This court and its predecessor, the Court of Customs and Patent Appeals, have had several occasions to address the interaction between patent law principles and trade dress protection. While recognizing that trade dress protection can serve important ends by facilitating customers' recognition of products and protecting producers' goodwill, the Court of Customs and Patent Appeals cautioned that exclusive rights in trade dress, if granted too freely, would conflict with the policy in favor of encouraging "competition by all fair means," which "encompasses the right to copy, very broadly interpreted, except where copying is lawfully prevented by a copyright or patent." *In re Deister Concentrator Co.*, 289 F. 2d 496, 501, 129 USPQ 314, 319 (CCPA 1961).

To guard against such anti-competitive effects, the Court of Customs and Patent Appeals invoked the doctrine of "functionality" to limit the scope of trade dress protection. The court held that a seller of goods could not obtain trademark protection for a trade dress or product configuration that was primarily utilitarian, or "functional." The court then defined as "functional" any feature that possessed such utility that its protection would hinder competition. *See In re Penthouse Int'l Ltd.*, 565 F.2d 679, 682, 195 USPQ 698, 700-01 (CCPA 1977)(functionality is addressed to whether protection of a design would "hinder competition"); *In re Mogen David Wine Corp.*, 328 F.2d 925, 933, 140 USPQ 575, 581 (CCPA 1964) (Rich, J., concurring)("Whether competition would in fact be hindered is really the crux of the matter."); *see also Brunswick Corp. v. British Seagull Ltd.*, 35 F.3d 1527, 1530-31, 32 USPQ2d 1120, 1122 (Fed. Cir. 1994) ("the policies underlying the functional limitation on trademark protection explicitly

invoke an inquiry into competitive fairness"); *New England Butt Co. v. International Trade Comm'n*, 756 F.2d 874, 879, 225 USPQ 260, 263 (Fed. Cir. 1985) ("functionality is to be determined in light of the competitive necessity to copy").

In *Qualitex Co. v. Jacobsen Products Co.*, 514 U.S. 159, 34 USPQ2d 1161 (1995), the Supreme Court adopted the same approach, explaining the role of the "functionality" doctrine as follows:

> The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time...after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (because trademarks may be renewed in perpetuity).

514 U.S. at 164-65, 34 USPQ2d at 1163. The Court then defined a product feature as "functional" if it is "essential to the use or purpose of the article or if it affects the cost or quality of the article," *Qualitex Co.*, 514 U.S. at 165, 34 USPQ2d at 1163-64 (quoting *Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 850 n.10, 214 USPQ 1, 4 n.10 (1982)), that is, "if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage," *Qualitex*, 514 U.S. at 165, 34 USPQ2d at 1164.

In defining the scope of trade dress rights, this court and its predecessor have repeatedly held that the availability of trade dress protection does not depend on whether a patent has been obtained for the product or feature in question. In *In re Mogen David Wine Corp.*, 328 F.2d 925, 930, 140 USPQ 575, 579 (CCPA 1964), the Court of Customs and Patent Appeals explained that trademark rights, or rights under the law of unfair competition, "do not 'extend' the patent monopoly." Rather,

> [t]hey exist independently of it, under different law and for different reasons. The termination of either has no legal effect on the continuance of the other. When the patent monopoly ends, it ends. The trademark rights do not extend it. We know of no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of any expired patent. Patent expiration is nothing more than the cessation of the patentee's right to exclude held under the patent law.

This court expanded upon that theme in *Cable Electric Products, Inc. v. Genmark, Inc.*, 770 F.2d at 1031, 226 USPQ at 891, where the court explained that in resolving the question of product design functionality for purposes of the Lanham Act, "reference to utility patent claims that are, or have been, asserted to read on either product, or to the appearance of the device depicted in figures included in the patent specification supporting such claims, must be done with caution."

To be sure, statements in a patent may provide evidence that the asserted trade dress is functional, and thus not entitled to legal protection. *See In re Bose Corp.*, 772 F.2d 866, 872, 227 USPQ 1, 6 (Fed. Cir. 1985); *In re Morton-Norwich Prods., Inc.*, 671 F.2d 1332, 1340-41, 213 USPQ 9, 15-16 (CCPA 1982); *In re Honeywell, Inc.*, 497 F.2d 1344, 1348, 181 USPQ 821, 824 (CCPA 1974). But the fact that a patent has been acquired does not convert what otherwise would have been protected trade dress into nonprotected matter. As the Court of Customs and Patent Appeals put the matter in the seminal *Deister* case, "we are not seriously concerned with whether he who claims trademark rights of unlimited duration now has or did have patent protection, or what that protection was." 289 F.2d at 501, 129 USPQ at 319.

3

In several older decisions, the Supreme Court used broad language suggesting that trademark rights could not be obtained in product features that had been disclosed in a patent. *See Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119-22, 39 USPQ 296, 299-301 (1938); *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 256, 67 USPQ 193 (1945); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 140 USPQ 524 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 140 USPQ 528 (1964). Those cases, however, have not been read expansively. The Court of Customs and Patent Appeals construed that line of cases as limited to the proposition that trademark rights cannot be obtained in functional features of products that had been disclosed in patents. *See In re Honeywell, Inc.*, 497 F.2d 1344, 1348-49, 181 USPQ 821, 824-25 (CCPA 1974). More recently, the Supreme Court itself has indicated that those cases do not have a broad preclusive effect on state and federal trade dress protections.

In *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 9 USPQ2d 1847 (1989), the Court held that a state may not create patent-like rights that would bar the copying of design and utilitarian ideas embodied in unpatented products. The Court emphasized, however, that it did not mean to foreclose traditional rights such as protections for trade dress provided by state and federal law. Addressing the *Sears* and the *Compco* cases, the Court noted that those cases "could be taken to stand for the proposition that the States are completely disabled from offering any form of protection to articles or processes which fall within the broad scope of patentable subject matter." *Bonito Boats*, 489 U.S. at 154, 9 USPQ2d at 1853. The Court refused, however, to draw such a "broad pre-emptive principle" from *Sears* and *Compco*. Instead, the Court pointed to the statement in *Sears* that "the States 'may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading customers as to the source of goods.'" *Bonito Boats*, 489 U.S. at 154, 9 USPQ2d at 1853 (quoting *Sears*, 376 U.S. at 232, 140 USPQ at 528). Based on that statement by the *Sears* Court and language in intervening Supreme Court decisions, the *Bonito Boats* Court explained that "while *Sears* speaks in absolutist terms, its conclusion that the States may place some conditions on the use of trade dress indicates an implicit recognition that all state regulation of potentially patentable but unpatented subject matter is not *ipso facto* preempted by the federal patent laws." *Bonito Boats*, 489 U.S. at 154, 9 USPQ2d at 1853. What *Sears* and *Compco* stand for, the Court concluded, is that "the States may not offer patent-like protection to intellectual creations which would otherwise remain unprotected as a matter of federal law." *Id.* at 156, 9 USPQ2d at 1854.

Trade dress protections do not impermissibly interfere with the federal patent scheme, the Court explained, as they have traditionally been "limited to protection against

copying of nonfunctional aspects of consumer products which have acquired secondary meaning such that they operate as a designation of source." 489 U.S. at 158, 9 USPQ2d at 1858; *see also, id.* at 165, 9 USPQ2d at 1858. The Court cited the Lanham Act as an indication that Congress regards protections against unfair competition as consistent with patent principles, and it added that "application" of *Sears* and *Compco* to nonfunctional aspects of a product which have been shown to identify source must take account of competing federal policies in this regard." Id. at 166, 9 USPQ2d at 1858.

Other courts of appeals, both before and after *Bonito Boats*, have followed the lead of the Court of Customs and Patent Appeals in holding that a product may be entitled to trade dress protection for distinctive, nonfunctional features, even if the product is, or has been, the subject of a patent. *See Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, 548 549 n.16, 48 USPQ2d 1065, 1080-81, 1081 n.16 (5th Cir. 1998); *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 287-89, 46 USPQ2d 1026, 1032-33 (7th Cir. 1998); *Ferrari S.P.A. Esercizio Fabriche Automobili e Corse v. Roberts*, 944 F.2d 1235, 1241, 20 USPQ2d 1001, 1006-07 (6th Cir. 1991); *Ideal Toy Corp. v. Plawner Toy Mfg. Corp.*, 685 F.2d 78, 81, 216 USPQ 102, 105 (3d Cir. 1982); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203, 203[sic], 203 USPQ 161 163-64 (2d Cir. 1979); *Truck Equip. Servs. Co. v. Freuhauf Corp.*, 536 F.2d 1210, 1214-15, 191 USPQ 79, 82-83 (8th Cir. 1976); *see also Pachmayr Gun Works, Inc. v. Olin Mathieson Chem. Corp.*, 502 F.2d 802, 806-7, 183 USPQ 5, 8-9 (9th Cir. 1974). The Tenth Circuit stands alone in holding to the contrary, ruling that trade dress protection is unavailable for a product configuration that is claimed in a patent and is a "described, significant inventive aspect" of the patented invention, even if the configuration is nonfunctional. *See Vornado*, 58 F.3d at 1510, 35 USPQ2d at 1342.

4

The district court's ruling on Midwest's Lanham Act claim was not premised on a finding of functionality, but on the court's conclusion, based on the Tenth Circuit's *Vornado* decision, that the curved winch post claimed in the '261 patent was a "significant inventive aspect" of the patent. As we view the interaction between patent law and the Lanham Act, that is not a sufficient basis on which to deny Lanham Act protection to trade dress that would otherwise qualify for such protection.

Because a winch post that is "curved forwardly and upwardly" is a limitation of claim 10 of the '261 patent, the curved winch post that Midwest claims as its trade dress might be regarded as a "significant inventive aspect" of the patent. But that is not to say that the curved winch post is "functional," *i.e.*, that Midwest's right to exclude others from using that feature "would put competitors at a significant non-reputation-related disadvantage." *Qualitex*, 514 U.S. at 165, 34 USPQ2d at 1164. In light of the Supreme Court's decision in *Bonito Boats* and this court's precedents regarding the relationship between the Lanham Act and patent law principles, the district court must conduct an inquiry into functionality in order to determine whether Midwest's curved winch post is entitled to protection as trade dress under section 43(a) of the Lanham Act.

5

Similar analysis requires us to reverse the district court's order granting summary judgment against Midwest on its state law claims. As in the case of the Lanham Act claim, the district court granted summary judgment on Midwest's state law claims based on the *Vornado* case and without addressing the issue of functionality. The fact that a curved winch post was disclosed and claimed in the '261

patent is not a sufficient basis for granting judgment against Midwest on the state law claims.

Under Iowa's trademark statute, the use of a registered mark with goods or services is actionable only if "such use is likely to cause confusion or mistake, or to deceive as to the source of origin of such goods or services." Iowa Code § 548.112. *See Sargent & Co. v. Welco Feed Mfg. Co.*, 195 F.2d 929, 934, 93 USPQ 144, 148 (8th Cir. 1952). The Iowa common law of trademarks has likewise long required proof of passing off or consumer confusion. *See Shaver v. Shaver and Another*, 54 Iowa 208, 6 N.W. 188, 189 (1880). Accordingly, our holding that patent law and the Lanham Act erect distinct protections that can be separately enforced applies to Midwest's state claims as well. In particular, the Supreme Court's discussion in *Bonito Boats* of state law regulation directed at consumer confusion applies directly to the Iowa law claims at issue. We therefore conclude that Midwest may be entitled to state law trade dress protection for its curved winch post, and that the district court improperly granted summary judgment on Midwest's state law claims.

That is not to say that patent law principles have no preemptive effect on state law claims simply because those claims are for trade dress protection. If, under the rubric of "trade dress" protection, state law should purport to give Midwest the right to exclude others from using a feature that confers a significant non-reputation-related market advantage over its competitors, the state law cause of action would conflict with federal patent law principles and be preempted. *See Bonito Boats*, 489 U.S. at 167, 9 USPQ2d at 1858-59, *Elmer v. ICC Fabricating, Inc.*, 67 F. 3d 1571, 1580, 36 USPQ2d 1417, 1423 (Fed. Cir. 1995). The central question, as under the Lanham Act, is whether the feature for which trade dress protection is asserted is functional.

Even if curved winch posts are found to be a functional feature in the trailers claimed in the '261 patent, Midwest may still be entitled to claim trade dress protection in its particular design. Midwest contends that it is not seeking protection for all curved winch posts, but only for the particular curved winch post design that it uses as its trade dress. If that particular design is sufficiently distinctive to serve as a designation of source and if the protection of that particular design does not result in a meaningful restriction on Karavan's ability to compete in the market, either before or after the expiration of the '261 patent, then Midwest's state law claims, as well as the Lanham Act claim, would not be barred by any overriding federal policy.

In sum, the fact that Midwest's patent discloses and claims a trailer having a curved winch post does not necessarily mean that Midwest cannot assert trade dress rights in the particular curved winch post design that it uses in its trailers. In order to determine whether Midwest enjoys trade dress rights, the district court must determine whether Midwest's winch post design is functional, and whether Midwest has satisfied the other requirements for protection under the Lanham Act and Iowa state trademark law.

REVERSED AND REMANDED.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF IOWA
CENTRAL DIVISION

MIDWEST INDUSTRIES, INC.	*	
	*	
Plaintiff,	*	Civ. No. 4-97-
	*	CV-90175
	*	
v.	*	MEMORANDUM
	*	OPINION AND
KARAVAN TRAILERS, INC.	*	ORDER ON
	*	DEFENDANT'S
Defendant.	*	MOTION FOR
	*	PARTIAL
	*	SUMMARY
	*	JUDGMENT
	*	

MEMORANDUM AND ORDER

Defendant moves to dismiss four of six counts for failure to state a claim upon which relief may be granted. The court determines that defendant's motion is more properly considered a motion for partial summary judgment. The court finds the four counts are barred by federal patent law and, therefore, grants defendant's motion in full.

BACKGROUND

On May 21, 1996, a utility patent was issued to Byron L. Godbersen (patent number 5,518,261). This utility patent covered Mr. Godbersen's invention entitled "PERSONAL WATERCRAFT TRAILER." Plaintiff, Midwest Industries, Inc. (Midwest), is apparently the

exclusive manufacturer of these trailers under license from Mr. Godbersen.

On March 19, 1997, Midwest filed a complaint in this court against Karavan Trailers, Inc. (Karavan). The complaint initially alleged two counts of patent infringement under 35 U.S.C. § 283(1996).

On August 5, 1997, Midwest was given leave to amend its complaint. The complaint was again amended on September 15, 1997, with leave of the court, but only to correct certain clerical errors. The August 5, complaint contained four new allegations that were in addition to those of the March 19 complaint. The four additional allegations are the subject of Karavan's motion to dismiss and are as follows: (count three) violation of trade dress protections under § 43(a) of the Lanham Act, 15 U.S.C. §1125(a); (counts four and five) violation of trademark rights under Iowa Code chapter 548; and (count six) violation of Iowa common law rights to trademark.

On September 24, 1997, Karavan filed a motion to dismiss counts three through six. Karavan and Midwest attached copies of the patent at issue to their respective briefs. The court notes the following excerpts of the attached patent:

PERSONAL WATERCRAFT TRAILER

ABSTRACT

A boat trailer having a wheel and axle supported frame including a pair of parallel, longitudinally extended frame portions interconnected at their rear ends, and with a longitudinally spaced pair of V-shaped bracket units mounted on each frame portion, each pair of bracket units supporting a pair of elongated, laterally spaced, parallel pair of bunks, each pair of bunks for supporting a single personal

watercraft, *and with an arcuate element secured to and extended forwardly from each frame portion and supporting at a forward end a winch unit.*

...

BACKGROUND ART

Although the advent in the pleasure boat field of personal ski boats and the like brought a plethora of streamlined and stylish ski boats to satisfy those of all persuasions as to boat styles and sizes, the trailers for supporting and transporting this new personal phenomenon of the boating industry remained of the work horse type. Thus the contemporary trailers comprised a generally box-type frame with cross members supported by conventional brackets, either bunk or roller units, and *with one or more vertically upright posts on the tongue or interior frame members for supporting winches.* Although these ski boat trailers were functional, they were certainly susceptible to structural and design improvements to bring them at least even with the innovations of that which they carried, the personal watercraft.

DISCLOSURE OF THE INVENTION

The improved trailer includes a frame unit having portions extended parallel to each other, a wheel and axle unit for supporting the frame unit, a cross member secured to and extended between the frame rear portions, a pair of V-shaped bracket units secured in longitudinally aligned, spaced relation on each frame portion, and a pair of transversely spaced elongated bunks for supporting a personal watercraft mounted in parallel relation on the bracket units. *The improved trailer is enhanced by the provision of an elongated, arcuately curved element secured at one end to each frame portion, and having a bow stop and wing unit mounted on the other free end of the element.*

It is an object of this invention to provide an improved trailer for supporting either a single or a pair of personal watercraft.

Yet another object of the invention is to provide a trailer for supporting either a single or a pair of personal watercraft wherein the need for an intermediate cross member or intermediate longitudinal frame members is obviated.

Still another object for this invention is to provide a single or twin personal watercraft boat trailer having a simple, structurally sound design which is economical and effective to use.

BEST MODE FOR CARRYING OUT THE INVENTION

The optional winch post assemblies are identical, each comprising an elongated element, a winch device and a bow stop. The element has one end substantially straight for mounting longitudinally with and on top of a forward part of each frame portion, as by a pair of U-bolt fasteners, and with an integral free end *curved upwardly in an arcuate manner* as best illustrated in FIG. 3. A rubberized or like bumper is affixed to the rear portion of the end for safety purposes.

I claim:

...

5. A personal watercraft trailer comprising:

...

an elongated element having one end secured to each frame member portion, and having

> further free end disposed forwardly of said one end relative to said frame member, said element disposed in longitudinal alignment with said frame member portion to which it is secured; and
>
> a bow stop mounted on said element free end for abutment with the bow end of a boat supported on each pair of hull engaging members.
>
> ...
>
> 10. The personal watercraft trailer of claim 7 [referring to claim 6 and, in turn, claim 5], with each said elongated element said one end substantially straight for mating engagement with a contiguous frame member portion, and with said free end *curved forwardly and upwardly* away from said one end, said element disposed normally in a vertical plane.

(Emphasis added.)

On December 11, 1997, a hearing was held regarding Karavan's motion to dismiss. This matter is now before the court for decision.

DISCUSSION

Karavan moves to dismiss counts III through VI of Midwest's complaint for failure to state a claim upon which relief can be granted. Fed. R. Civ. P. 12(b)(6). Unlike a summary judgment motion, which is decided on the basis of a factual record, a Rule 12(b)(6) motion to dismiss for failure to state a claim requires the court to review only the pleadings to determine whether the pleadings state a claim

upon which relief can be granted.[1] Fed.R.Civ.P. 12(b)(6), 56(c); *Kane v. Iowa Dep't of Human Serv.*, 955 F. Supp. 1117, 1121 n.1 (N.D. Iowa 1997). The court, at the prompting of plaintiff's motion for reconsideration, has determined that defendant's motion is more properly considered a motion for partial summary judgment. *See* Fed.R.Civ.P. 12(b), (c); 56.

The purpose of summary judgment is to "pierce the boilerplate of the pleading and assay the parties' proof in order to determine whether trial is actually required." 11 James Wm. Moore, et al., *Moore's Federal Practice* ¶ 56.02 (3d ed. 1997)(quoting *Wynne v. Tufts Univ. Sch. of Med.*, 976 F.2d 791, 794 (1st Cir. 1992). Summary judgment "allows courts and litigants to avoid full-blown trials in unwinnable cases, thus conserving the parties' time and money and permitting courts to husband scarce judicial resources." *Id.*

The precise standard for granting summary judgment is well-established and oft-repeated: the moving party is entitled to summary judgment on a claim only upon a showing that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law. Fed.R.Civ.P. 56(c).[2] In applying this

---

[1] A motion to dismiss for failure to state a claim upon which relief can be granted is addressed to the face of the pleading which, for purposes of the motion, is deemed to include any document attached to it as an exhibit or any other document incorporated by reference. Fed. R. Civ. P. 10(c), 12(b)(6); *Morton v. Becker*, 793 F.2d 185, 187 (8th Cir. 1986); *Goldman v. Belden*, 754 F.2d 1059, 1065-66 (2nd Cir. 1985); 5A Charles Alan Wright & Arthur R. Miller, Federal Practice and Procedure § 1327 (2d ed. 1990).

[2] Rule 56 of the Federal Rules of Civil Procedure states:

Rule 56.Summary Judgment

(a) For Claimant. A party seeking to recover upon a claim, counterclaim, or cross-claim or to obtain a declaratory judgment may, at any time after the expiration of 20 days from the commencement of the action or after service of a motion for

standard, the court must view the facts in the light most favorable to the nonmoving party and give her the benefit of any fairly and reasonably drawn inference. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587, 106 S.Ct. 1348, 1356, 89 L.Ed.2d 538 (1986)(quoting *United States v. Diebold, Inc.*, 369 U.S. 654, 655, 82 S.Ct. 993, 994, 8 L.Ed.2d 176 (1962)). An issue of material fact is genuine if it has a real basis in the record. *Matsushita*, 475 U.S. at 586-87, 106 S.Ct. at 1355-56. "Only disputes over facts that might affect the outcome of the suit under the governing law will properly preclude the entry of summary judgment." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 2509, 91 L.Ed.2d 202 (1986).

Rule 56(a) and (b) establish that the party moving for summary judgment must come forward with an initial showing that it is entitled to judgment. Fed.R.Civ.P. 56(a)-(b). When the moving party does not bear the burden of proof at trial, as is the case for the moving party here, the burden on the moving party "may be discharged by 'showing'—that is, pointing out to the district court—that there is an absence of evidence to support the nonmoving party's case." *Celotex Corp. v. Catrett*, 477 U.S. 317, 325, 106 S.Ct. 2548, 2554, 91 L.Ed.2d 265 (1986). It is, however, "not enough to move for summary judgment

---

summary judgment by the adverse party, move with or without supporting affidavits for a summary judgment in the party's favor upon all or any part thereof.

(b) For Defending Party. A party against whom a claim, counterclaim, or cross-claim is asserted or a declaratory judgment is sought may, at any time, move with or without supporting affidavits for a summary judgment in the party's favor as to all or any part thereof.

(c) Motions and Proceedings Thereon...The judgment sought shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law.

Fed.R.Civ.P. 56(a)-(c); *see also Celotex Corp. v. Catrett*, 477 U.S. 317, 322-23, 106 S. Ct. 2548, 2552-53, 91 L.Ed.2d 265 (1986).

without supporting the motion in any way or with a conclusory assertion that the plaintiff has no evidence to prove his case." *Celotex*, 477 U.S. at 328, 106 S.Ct. at 2555 (White, J., concurring).

When a moving party has carried its burden, the opposing party is required to go beyond the pleadings, and by affidavits, or by the "depositions, answers to interrogatories, and admissions on file, 'designate' specific facts showing that there is a genuine issue for trial." Fed.R. Civ.P. 56(e); *Celotex*, 477 U.S. at 324, 106 S.Ct. at 2553. The facts on which the nonmovant may rely must be admissible at trial, but need not be in admissible form as presented in the opposition. *See*, e.g., *Celotex*, 477 U.S. at 324, 106 S.Ct. at 2553; *Duluth News-Tribune, Inc. v. Mesabi Publ'g Co.*, 84 F.3d 1093, 1098 (8th Cir. 1996); *Leonard v. Dixie Well Serv. & Supply*, 828 F.2d 291, 295 (5th Cir. 1987). Although "direct proof is not required to create a jury question,...to avoid summary judgment, 'the facts and circumstances relied upon must attain the dignity of substantial evidence and must not be such as merely to create a suspicion.'" *Metge v. Baehler*, 762 F.2d 621, 625 (8th Cir. 1985)(quoting *Impro Prods., Inc. v. Herrick*, 715 F.2d 1267, 1272 (8th Cir. 1983)). The necessary proof that the nonmoving party must produce is not precisely measurable, but the evidence must be "such that a reasonable jury could return a verdict for the nonmoving party." *Anderson*, 477 U.S. at 248, 106 S.Ct. at 2510.

Karavan argues that all four of the new August 5 complaint claims are barred by federal patent law. With regard to the permissible extent of federal trademark protection, both sides rely entirely upon the recent decision, *Vornado Air Circulation Systems, Inc. v Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 116 S. Ct. 753 (hereinafter *Vornado*). Midwest argues two points: (1) the question at issue in *Vornado* was a question of fact and, therefore, inappropriate for a Rule 12(b)(6) motion; and (2)

even if considered a question of law, the personal watercraft trailer patent is distinguishable from the patent in *Vornado*. Regarding the three state trademark claims, Midwest argues that the state trademark does not cover an "invention[] in the public domain" and is therefore not preempted by federal patent law. This opinion will discuss each argument in turn.

Federal Trademark

As Midwest apparently neither contests *Vornado's* rationale, nor argues that *Vornado* is not controlling precedent, the court will not discuss *Vornado* in any great detail and will instead focus on its application to the patent at issue. *Vornado* held that

> [w]here a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, see 35 U.S.C.§112, so that without it the invention could not fairly be said to be the same invention, patent law prevents its protection as trade dress, even if the configuration is nonfunctional.

Vornado, 58 F.3d at 1508.

The *Vornado* court did not provide much guidance as to future decisions:

> In future cases, the contribution of a particular configuration to the inventiveness of a patented product may not always be clear, and we do not wish to rule out the possibility that a court may appropriately conduct a factual inquiry to supplement its reading of the patent's claims and descriptions.

> But in this case, we do not find it necessary to remand for such an inquiry. Vornado included the arcuate grill vane structure as an element of its patent claims and described the configuration as providing "an optimum air flow." Then, after the first patent issued and Vornado subsequently found evidence that other grill structures worked as well as or better than the spiral grill, Vornado did not repudiate or disclaim in any way the grill element of its patent. Instead, Vornado sought and received a reissue patent that expanded its claims with respect to the grill.
>
> Even if we discount entirely Vornado's extensive advertising campaign emphasizing the importance of the "AirTensity Grill," this patent history on its face obviates any need for a remand on the question of inventive significance. We simply take Vornado at its word.

Id. at 1510.

Midwest's first issue, that inventive significance is a question of fact inappropriate for a motion to dismiss, is moot in light of this court's considering defendant's motion as a motion for partial summary judgment. Neither side has indicated any material issues of fact. The court notes, nevertheless, that the *Vornado* court was quite clear the question of inventive significance is a question of law. *Id.* at 1501 n.4("[W]e decide this case on a point of law."). This is in keeping with precedent that holds the construction of patent claims is a question of law. *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370,–, 116 S.Ct. 1384, 1394-95, 134 L.Ed.2d 577,–(1996)(holding construction of patent claims is a question of law for the judge to decide).

The most important factor to the *Vornado* court was certainly that the particular configuration was an expressly claimed and described element of the patent claim. Most of the patent history discussion arose because of arguments made at the district court level regarding functionality and Lanham Act requirements. The *Vornado* court looked at the patent as a whole and determined that the circular grill was a significant inventive aspect.

Just as "Vornado included the arcuate grill vane structure as an element of its patent claim and described the configuration as providing 'optimum air flow,'" does Midwest here include the arcuate winch post as an element of its patent claim and describes the configuration as an enhancement. (See claim 10 and Disclosure of the Invention, above.) References to the arcuate winch post run throughout the trailer patent: the drawings, the abstract, the disclosure of the invention, the best mode for carrying out the invention, and the claims. It is true that there exist independent claims that do not refer to an arcuate winch post, but principles of patent construction dictate that the court take into account all apparent limitations. *See Ontario Die Co. v. Independent Die Assn.*, 18 U.S.P.Q. 1477 (E.D. Mich. 1990). Of special significance to the court is that the arcuate winch post is set out in particular and specifically described as an enhancement in the Disclosure of the Invention section. This certainly indicates that the arcuate winch post is an inventive aspect of greater significance than most other elements and especially any alternative winch post designs claimed.

As the winch post of claim 10 is a significant inventive aspect of the trailer patent, the court holds that federal law bars any federal trademark protection. *Vornado*, 58 F.3d at 1510. Count III of Midwest's complaint is therefore dismissed.

State Trademark

As the facts and discussion above should clearly indicate, the arcuate winch post is an inventive element of the trailer patent. State trademark protection, therefore, would serve to extend patent-like protections and clash with federal patent law and policy. The Supreme Court has clearly stated that in such cases, state law is preempted:

> [O]ur past decisions have made clear that state regulation of intellectual property must yield to the extent that it clashes with the balance struck by Congress in our patent laws....We have long held that after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law.

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 151, 109 S.Ct. 971, 978, 103 L.Ed.2d 118 (1989).

The court holds that Counts IV, V, and VI are therefore dismissed.

The following is **HEREBY ORDERED:**

1. Defendant's Motion for Partial Summary Judgment is **GRANTED.**
2. Counts III, IV, V, and VI are therefore **DISMISSED.**

DATED this 22nd day of April 1998.

"s/Robert W. Pratt", Judge

Robert W. Pratt, Judge
United States District Court

United States Court of Appeals for the Federal Circuit

98-1435

MIDWEST INDUSTRIES, INC.,

Plaintiff-Appellant,

v.

KARAVAN TRAILERS, INC.,

Defendant-Appellee.

ORDER

A combined petition for rehearing and suggestion for rehearing in banc having been filed by the APPELLEE, and the petition for rehearing having been referred to the panel that heard the appeal, and thereafter the suggestion for rehearing in banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, DECLINED.

The mandate of the court will issue on June 21, 1999.

FOR THE COURT,

"s/Jan Horbaly"

Jan Horbaly
Clerk

Dated: June 14, 1999

FILED
U.S. COURT OF APPEALS FOR
THE FEDERAL CIRCUIT

JUN 14 1999

JAN HORBALY
CLERK

cc: THOMAS J. OPPOLD
G. BRIAN PINGEL

MIDWEST INDUST V KARAVAN TRAILERS, 98-1435
(DCT – 97-CV-90175)

****
* Note: Pursuant to Fed. Cir. *
* R. 47.6, this order is not *
* citable as precedent. It is a *
* public record. *
****